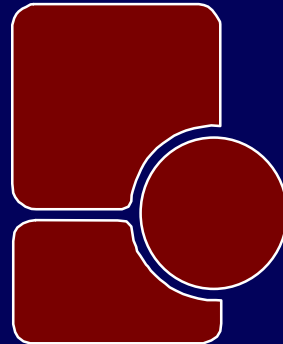


**Joint Legislative Audit and Review Commission
of the Virginia General Assembly**



**Interim Report:
Child Support Enforcement**

**Staff Briefing
December 13, 1999**

Introduction

2

Staff for this study:

Robert Rotz, Division Chief

Cynthia Jones, Project Leader

Christine Wolfe

Presentation Outline

3

- ☒ Introduction and Summary of Findings
- ☐ Overview of the Child Support Enforcement Program
- ☐ Child Support Enforcement Caseload
- ☐ Funding of the Child Support Enforcement Program
- ☐ Phase II Issues

Study Mandate

4

- **HJR 553 directs JLARC to evaluate the activities of the Division of Child Support Enforcement, including the district offices. The mandate requires that the study:**
 - include an examination of the “caseload, management, employment levels, and work load” of the State and district DCSE offices
 - “make recommendations as to how the program can be improved to better meet the needs” of Virginia’s children.
- **Because of the scope of the study, it is being conducted in two phases. Phase I addresses the child support enforcement caseload and funding of the child support enforcement program.**

Research Activities

5

- **Structured interviews with officials from the Division of Child Support Enforcement (DCSE) and Department of Social Services (DSS).**
- **Site visits to six district offices, including one privatized office, and one regional office.**
- **Analysis of caseload data from DCSE's Automated Program to Enforce Child Support (APECS).**
- **Review of various child support enforcement documents, including information about funding in other states.**

Summary of Findings

6

- **DCSE's caseload size and caseload per caseworker appear to be at least somewhat overstated.**
- **Between 9 and 26 percent of DCSE's reported caseload of 422,371 is estimated to be "unworkable" or "inactive":**
 - **Cases that can be closed (based on DCSE's case closure criteria)**
 - **Unworkable cases (cases that have been in one status for over three years or there is very little information available)**
 - **Inactive cases (cases for which DCSE has not performed a significant action in over a year)**

Summary of Findings

(continued)

- When these cases are excluded for workload purposes, the adjusted caseload per caseworker declines to between 648 and 803 cases, instead of the unadjusted caseload of 878.
- DCSE should make analyzing and cleaning the statewide caseload a priority. This process will enable State policy makers to be aware of the true need for staff and other resources to adequately administer the child support enforcement program. To the extent that some cases may be closed, DCSE may receive more federal funding when calculations are based on a lower caseload size.

Summary of Findings

(continued)

8

- The dramatic decline in the welfare caseload and several federal changes are causing DCSE, for the first time, to experience a budget deficit and increased budget instability. The projected deficit for FY 2000 is \$3.1 million; for FY 2001, it is \$6.7 million.
- The State has several options for addressing DCSE's projected deficit. In the short term, the General Assembly may wish to replace lost federal funding with general funds.
- JLARC staff plan to evaluate the efficiency and effectiveness of DCSE's operations in the second phase of the study.

Presentation Outline

9

- ☐ Introduction and Summary of Findings
- ☒ **Overview of the Child Support Enforcement Program**
- ☐ Child Support Enforcement Caseload
- ☐ Funding of the Child Support Enforcement Program
- ☐ Phase II Issues

Overview of the Child Support Enforcement Program

10

- Child support is defined as a financial payment from a noncustodial parent to a custodial parent for the care of the children.
- Collecting child support is difficult because many custodial parents head poor families that receive TANF, while others are at risk of becoming impoverished.

Enforcing Child Support Involves Five Basic Activities

11

- **Intake** - the initial opening of the case.
- **Locate** - the process of finding the noncustodial parent.
- **Establish Paternity** - the process of legally establishing the father of the child.
- **Establish a Support Order** - the process of establishing a support order, which legally obligates the noncustodial parent to pay support.
- **Collect Support or Enforce the Order** - the process of receiving and distributing support, or attempting to enforce the support order if the noncustodial parent fails to pay.

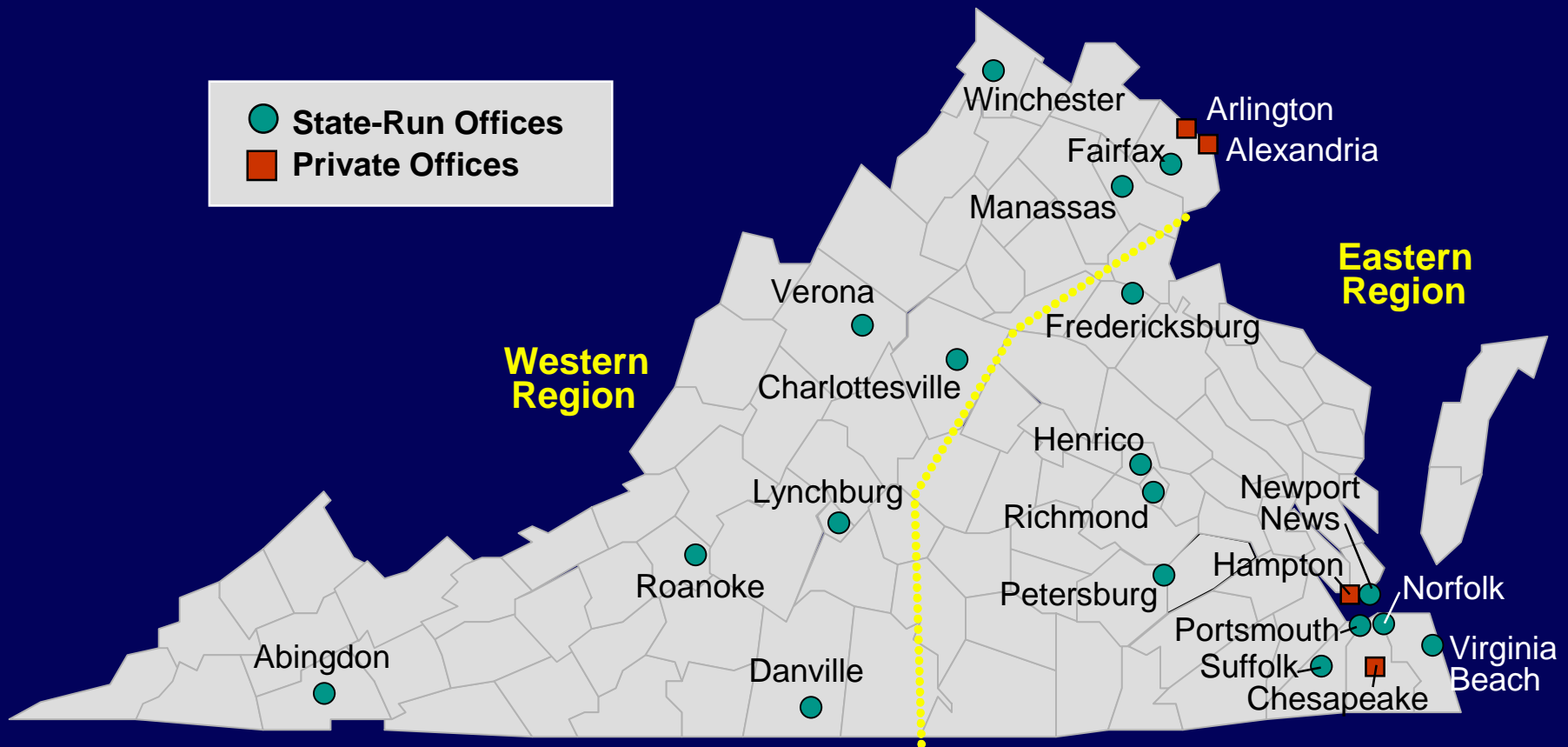
Overview of Virginia's Program

12

- **The Division of Child Support Enforcement in DSS is responsible for administering the program at the State level. The Office of Child Support Enforcement administers the program at the federal level.**
- **Virginia is an “administrative” state, which means that many child support enforcement actions can be performed administratively by qualified DCSE employees, instead of going through the judicial system.**

Virginia Has a Centralized Program, with 18 State-Run and Four Privately-Run District Offices

13



Virginia's Child Support Enforcement Program Is a Sizable Program

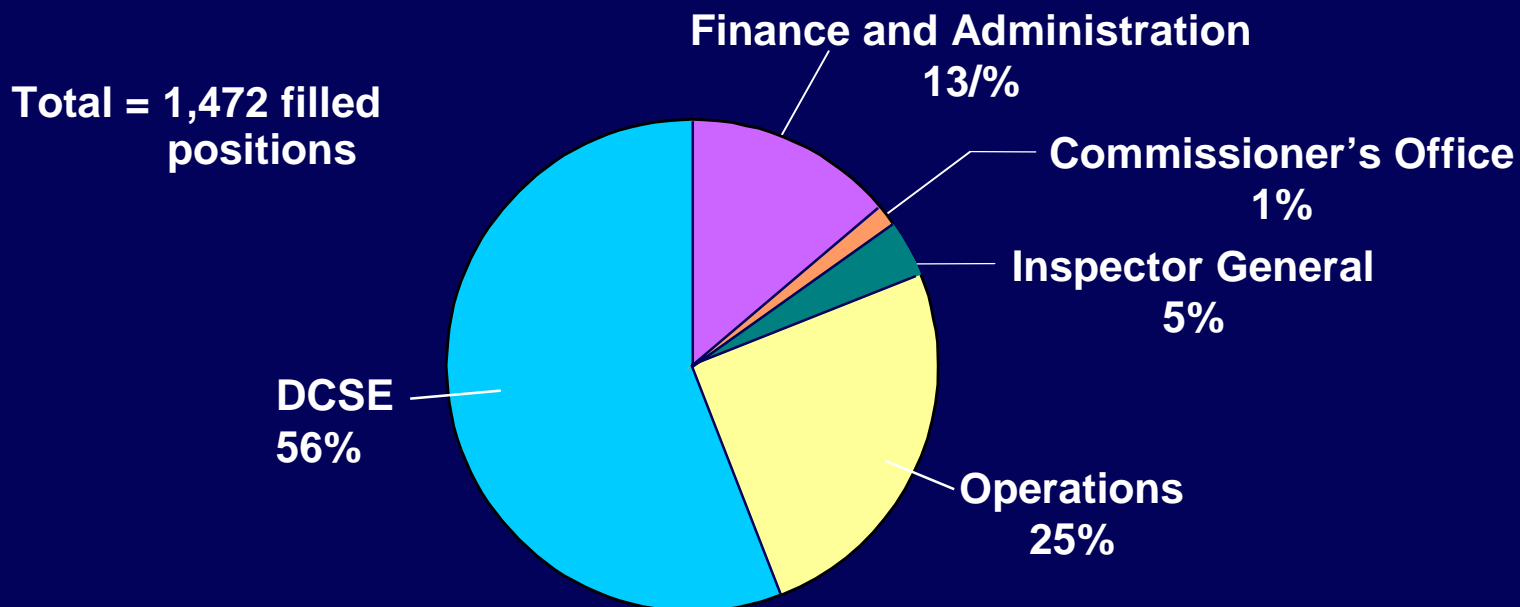
14

- DCSE had 422,371 child support enforcement cases as of July 1999.
- DCSE serves 553,000 children, which is 25 percent of Virginia's children.
- \$1.6 billion is owed to Virginia's children.
- Virginia's program is the 15th largest in the nation based on the number of cases and child support collected.

DCSE Is the Largest Division in DSS

15

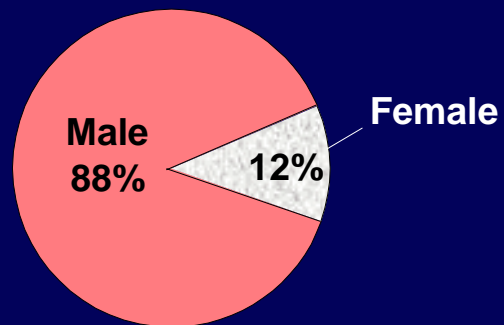
Percentage of Filled Positions in DSS,
by Functional Unit, as of November 1999



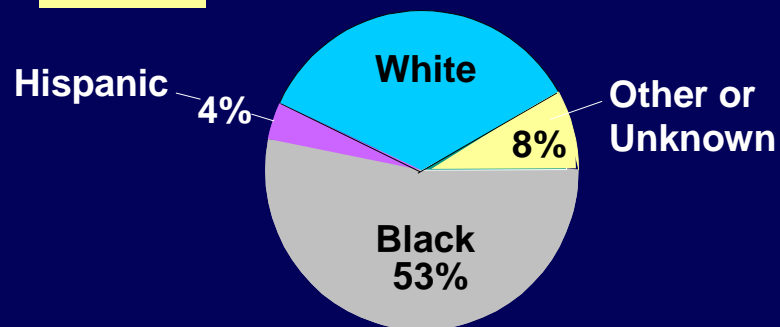
Noncustodial Parent Characteristics

16

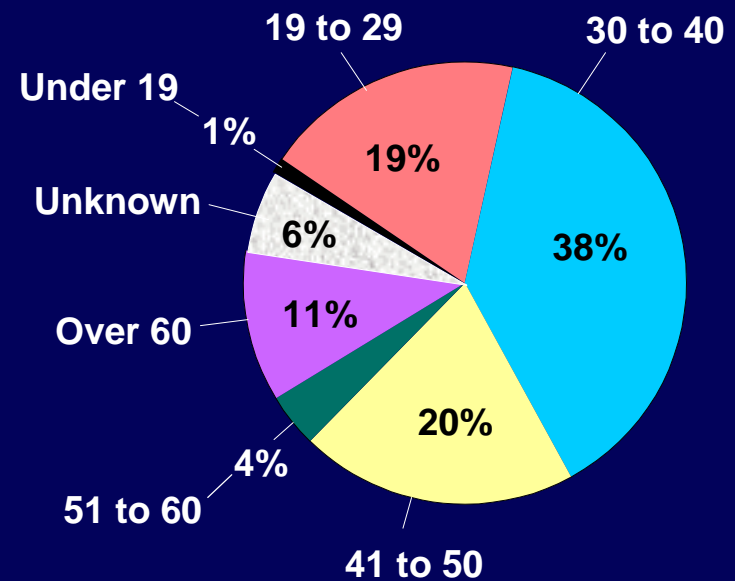
Sex



Race



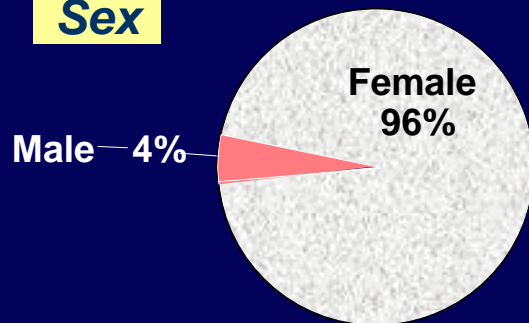
Age



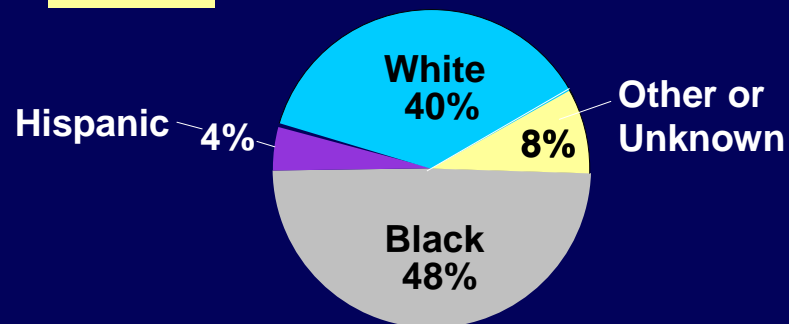
Custodial Parent Characteristics

17

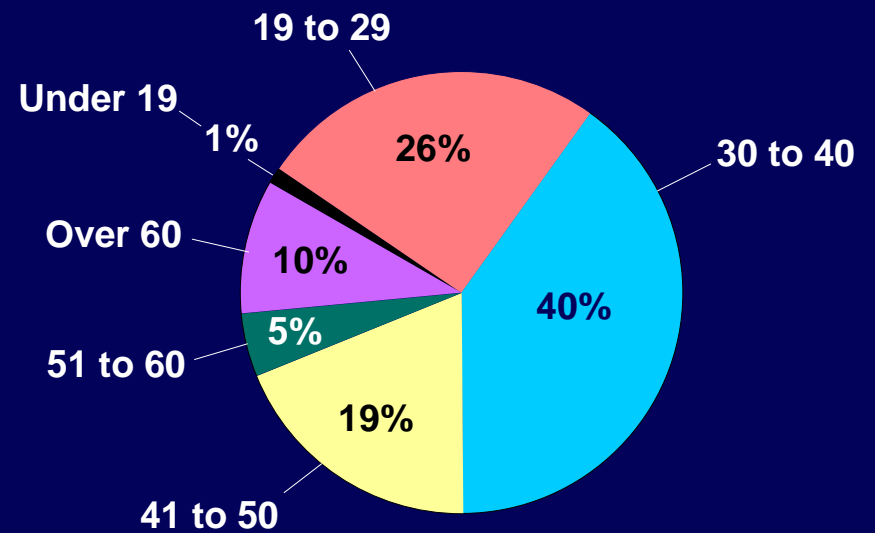
Sex



Race



Age



Presentation Outline

18

- ☐ Introduction and Summary of Findings
- ☐ Overview of the Child Support Enforcement Program
- ☒ **Child Support Enforcement Caseload**
- ☐ Funding of the Child Support Enforcement Program
- ☐ Phase II Issues

General Caseload Characteristics

19

- Over 75 percent of cases involve custodial parents who are not receiving public assistance.
- Almost half of DCSE's cases involve noncustodial parents who are delinquent in paying child support.
- Approximately 27 percent of cases are interstate cases.
- Approximately 36 percent of cases do not have a support order.

DCSE Caseload Size Relative to Its Staffing Has Been a Concern

20

- DCSE has reported an average caseload of almost 900 cases per caseworker.
- This appears to be more cases than can be handled effectively.
- HJR 553 mandate expresses concern that a shortage of workers may be a problem for this program.
- JLARC staff analysis indicates that the caseload, while high, may not be as overwhelming as previously indicated because a portion of the cases are “inactive” or “unworkable.”
- Phase II of this study will more fully examine the issue of the adequacy and efficiency of DCSE staffing relative to caseload.

JLARC Staff Used Five Criteria to Classify Cases as “Inactive” or “Unworkable”

21

- The case meets one of DCSE’s 12 reasons that a case can be closed. For example, if a current support order does not exist and the past-due balance is less than \$500, a case can be closed.
- The noncustodial parent is on TANF or Supplemental Social Security Income.
- The case has been in a single processing status for three or more years (excluding enforcement).
- The case has not had a significant action performed in one or more years.
- The case has been assigned a low priority by DCSE’s automated case management system, and is also in the locate status.

Up to One-Fourth of DCSE's Cases May Be "Inactive" or "Unworkable"

22

Steps to Determine an Adjusted Statewide Caseload Size

Current Number of Cases		422,371
DCSE Criteria	Cases that Could Be Closed	(46,058)
	Cases that Are Unworkable	(3,678)
JLARC Staff Criteria	Cases that Have Been in a Processing Status Three or More Years	(22,356)
	Cases that Have Had No Significant Action in the Past Year	(28,192)
	Cases that Are in Locate Status with Minimal Information	(10,529)
Subtotal (Estimated Maximum for Inactive or Unworkable Cases)		(110,813)
Adjusted DCSE Caseload Size		311,558

If Up to 26 Percent of the Caseload is Inactive or Unworkable, then the Caseload per Caseworker Declines from 878 to 648 Cases

23

DCSE's Adjusted Caseload per Caseworker

DCSE Caseload Size		Adjusted Caseload Size			
Number of Caseworkers	Number of Cases	<u>9 Percent</u>		<u>26 Percent</u>	
		Number of Caseworkers	Number of Cases	Number of Caseworkers	Number of Cases
481	422,371	481	386,223	481	311,558
878 cases per caseworker		803 cases per caseworker		648 cases per caseworker	

Recommendation

24

- **The Department of Social Services should initiate a statewide caseload clean-up effort to remove old cases from DCSE's active caseload where appropriate, to determine how many cases are workable, and to develop a figure on its actively weighted cases that can be used to assess the workload of the division. In addition, DCSE should develop additional performance measures for the district offices to improve the management of their caseloads. These performance measures should be based on statewide norms established for the percentage of clients in each processing status, the length of time spent in each processing status, the number of cases with support orders and past-due accounts, and other relevant indicators.**

Presentation Outline

25

- ☐ Introduction and Summary of Findings
- ☐ Overview of the Child Support Enforcement Program
- ☐ Child Support Enforcement Caseload
- ☒ **Funding of the Child Support Enforcement Program**
- ☐ Phase II Issues

Until Recently, DCSE Has Had a Budget Surplus

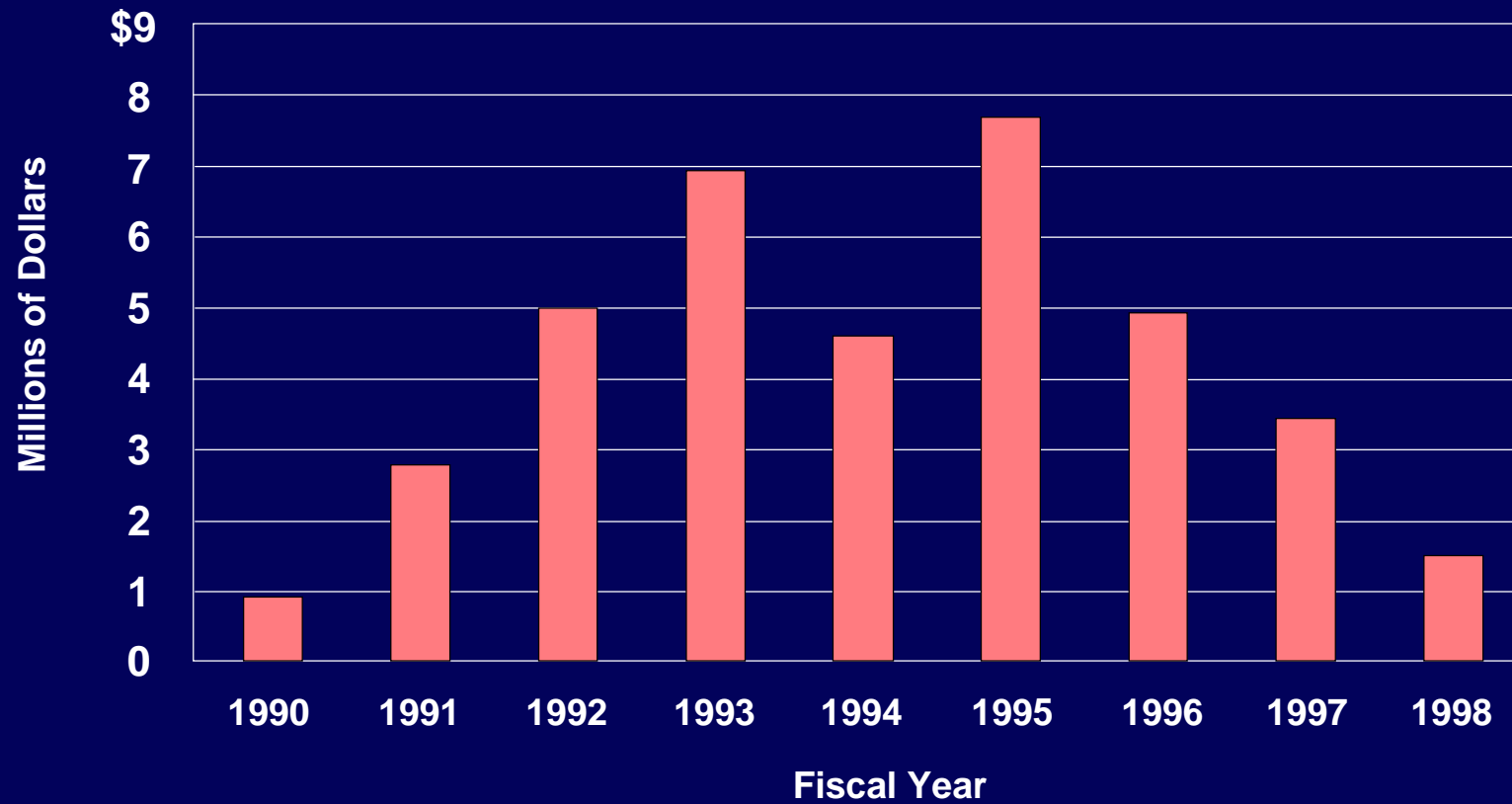
26

- DCSE's FY 2000 appropriation is \$391 million, \$68 million of which is DCSE's operating budget
- DCSE requires minimal State general funds; most of its funding is federal funds:
 - Federal government reimburses DCSE for 66 percent of its administrative costs
 - Federal government allows DCSE to retain almost half of its TANF collections (referred to as retained collections)
 - Federal government provides additional "incentive" funding, based on TANF and non-TANF collections
- The federal funding structure has resulted in a surplus for the past several years, which has been returned to the State general fund.

DCSE Has Returned More than \$37 Million to the General Fund Since 1990

27

DCSE's Surplus, FY 1990 to 1998



Several Recent Changes Are Causing DCSE to Have a Budget Deficit

28

- Declining TANF caseloads caused by welfare reform and a strong economy are reducing federal funds, because both retained collections and the federal incentive payment are based on the amount of child support collected for TANF cases.
- Prior to welfare reform, past-due child support that was collected from former public assistance cases was used to reimburse the State and federal governments for past public assistance payments. The new welfare reform law requires states to distribute these collections to the custodial parent first (referred to as the Family First policy), which reduces the amount that the State can recoup.

Several Recent Changes Are Causing DCSE to Have a Budget Deficit

(continued)

29

- Virginia's decision to allow custodial parents on TANF to keep \$50 of their child support payments each month (referred to as the disregard) is another factor contributing to DCSE's deficit (although it has a positive effect on the State's budget because it helps meet the federal requirement for State maintenance of effort; that is, State funds used to match federal dollars).
- In addition to these changes, DCSE's operating expenditures increased 20 percent from FY 1998 to 1999, which contributes to the deficit.

Several Recent Changes Are Causing DCSE to Have a Budget Deficit

(continued)

30

- The federal government recently repealed the hold harmless provision, which allows a state to keep the amount of its FFY 1995 collections for TANF families, even if the state collects less than the 1995 amount. (Virginia's hold harmless floor is \$19.9 million.) DCSE's FY 1999 collections were below the hold harmless floor, which means that DCSE will receive a payment from the federal government to make up the difference. With the repeal of the hold harmless provision, Virginia will not receive this payment in the future if retained collections are below the hold harmless floor.

Other Potential Changes Are Making DCSE's Budget More Unstable

31

- The federal government is implementing a new incentive system in which the total amount of funding available for all states is capped. This makes it difficult to estimate how much DCSE will receive because it depends on how well other states perform. DSS is projecting that DCSE's federal funding will increase, but the effect of this new system on DCSE's funding remains unclear.
- The federal government has proposed reducing the reimbursement rates for administrative costs (from 66 to 50 percent) and paternity testing (from 90 to 66 percent).

DCSE's Projected Deficit, FY 1999 to 2002

32

	FY 1999	FY 2000	FY 2001	FY 2002
Revenues	22,880,333	24,206,525	21,896,867	22,031,962
Expenses	(30,620,439)	(27,423,168)	(28,580,043)	(28,475,067)
Total Deficit	(7,740,106)	(3,126,643)	(6,683,176)	(6,443,105)

The State Appears to Have Five Options for Addressing DCSE's Budget Deficit

33

- Provide DCSE with a general fund appropriation to replace federal funding that has been lost.
- Provide DCSE with a general fund appropriation that is above and beyond the federal funding that has been lost, so that DCSE can hire more staff and/or improve other resources to deal with its caseload.
- Change DCSE's funding structure so that its entire budget is a general fund appropriation, and then reimburse the general fund at the end of the year with retained collections and federal incentive payments.
- Eliminate the \$50 disregard for TANF families.
- Charge fees to clients.

The Short-Term and Long-Term Options for Addressing the Deficit May Differ

34

- In the short term, it appears that a general fund appropriation to replace the lost funding may be the best approach.
- In the longer term, JLARC staff analyses of DCSE's staffing and workloads should help provide some further direction on whether DCSE's resource levels need to be increased, remain about the same, or can be cut.

Presentation Outline

35

- ☐ Introduction and Summary of Findings
- ☐ Overview of the Child Support Enforcement Program
- ☐ Child Support Enforcement Caseload
- ☐ Funding of the Child Support Enforcement Program
- ☒ Phase II Issues

Phase II of the Study Will Examine Several Additional Issues

36

- How efficient and effective is the child support enforcement program?
- Are DCSE's staffing levels adequate to deal with its caseload, and are the positions utilized effectively?
- Does the central office provide adequate management and oversight of the child support enforcement program?
- How is the child support enforcement program being implemented at the district office level? What is the quality of customer service that the district offices provide?

Phase II of the Study Will Examine Several Additional Issues

(continued)

37

- **Is the organizational placement of DCSE appropriate, and does it maximize the program's efficiency and effectiveness?**
- **Is DCSE's information technology adequate to accomplish its mission efficiently and effectively?**
- **Are there any practices used by the privatized offices that could be beneficially utilized by DCSE's district offices?**